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AIR

MOMA-36512

74-6-130/3

Chief, SR
Attn:
Chief, Munich Base

18 August 1958

INFO: EE COS/G

REDMOGD/LCIMPROVE/ARBATH/OPERATIONS

July 1958 Progress Report

CAP

REF: MCMA-34832, 23 July 1958

ACTION RECUIRED: Headquarters approval for the transfer of ACAPELDI/1 to FEFRIOR for reassignment. See paragraphs 2 b and C below.

1. Synopsis of Developments: During the reporting period there were four meetings with AECAPELIN/1. He continued to submit a stream of reports regarding local Ukrainian emigres. AECAPELIN/1 made known his true desires regarding transfer from Germany, namely that he does not wish to be transferred to Paris.

2. Question of AECAPHIJN/1 s Status:

- a. ABCAPELIN/1 Refuses Transfer to Paris: See EUMA-36155, dated 4 August 1958, regarding ABCAPELIN/1's refusal of transfer from Germany to Paris and MB's recommendations regarding his transfer to Athens.
- b. Expiration of Project AEBATH: Project AEBATH expired 31 July 1958, it is therefore requested that Headquarters make provisions for subsequent payments of salary and operational expenses to AECAPELIN/1 and notify MB, before the end of August 1958, to which account these funds should be charged.

o. Termination of ABCAPELIN/1 at MB:

1) MB has reassessed and reevaluated AECAPELIN/1's current and potential usefulness as an MB/ICINFROVE asset. The conclusion reached in our reemandation is that his productivity at MB is not and will not be communicate with the money and time invested. As Headquarters pointed out in BNM-5525, dated 22 January 1958, there were two alternatives which remained in view of the KUPIRE decision, to wit; transfer AECAPELIN/1 out of Munich or terminate him, MB's recent recemmendation that AECAPELIN/1 be transferred to Athens is found in EMA-36155. However, if this transfer cannot be effected speedily and securely, it is further recommended that Headquarters suggestion, found in paragraph 2 of EMM-5525, we considered at this time, i.e., "immigration to FEFRINE

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for a cooling-off period and a later reassignment to whatever area his talents might best be emploited". If Headquarters concurs, and in view of the KUFIRE decision there should be no reason for non-concurrence, it is felt this topic can be introduced in a discreet manner with AECAP-KLIN/1 who, after viewing the circumstances, including the security aspects of his continued employment here, probably will go along with the suggestion.

2) It is estimated that AECAPELIN/1's practical effort and productivity for MB/LCDPROVE reached its peak about one year ago and, in effect, during the past 12 years AECAPELIN/1, to all intent and purposes, has exhausted the field of operational reporting on the Ukrainian emigre'scene. In view of this, we intended to turn ABCAPELIN/1's talents from a passive reporting role into a more active general operational role. We discussed this change with him and he began carrying out his new assignments. One example of this was his participation in the 🗁 I case. However, his interest appeared to deteriorate, probably since he felt he would be transferred into more fertile territory (this is discussed at some length in BGMA-36155). MB did not press AECAPELIN/1 to undertake a more aggressive approach when we learned of KUFIRE's decision to terminate or transfer him from Munich, but permitted him to contimus in his reporting role. As evidenced by progress reports since early 1958, ABCAPELIN/1 has continued his stream of reporting. However, from the viewpoint of MB's current interests (i.e., deemphasis of emigre' operations), such reporting has had, and will continue to have, limited value. It must be noted that our aim is not to belittle ABCAPELIN/1's

3) It is therefore recommended that ABCAPELIN/1 be returned to PBPRIME as soon as possible, from which locus his future assignment either to Athens or Paris can then be determined.

talent but to view him objectively and accurately assess his value to our

3. Operational Developments:

current and future ICIMPROVE effort.

- a. Konstantin KAPUSTINSKY: During the course of contact between the BANDERA SB (Security Service) and KAPUSTINSKY, the SB reportedly debriefed KAPUSTINSKY regarding his RIS career from which the SB gained an insight into RIS intentions against the BANDERA group. KAPUSTINSKY appealed to the BANDERAites to help him obtain asylum in the FedRep by certifying that he worked with the Ukrainian underground in the Ukraine. See details in Contact Report #103.
- b. Czeslawa MYKITA: MYKITA was granted right of asylum in the FedRep and reportedly she said she will assist another woman in coming from Poland to West Germany. Prior to this, Ivan KASHUBA planned to interrogate MYKITA as a means of convincing the BANDERA group and Hryhoriy





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DRABAT, her fiance, that MYKITA is a hostile agent. See details in Contact Reports \$103-105.

- e. Hermadiy KOTOROVYCH: ARCAPELIN/1's reporting on his talks with KOTOROVYCH are found in Centast Reports \$103 and 105.
- d. Trend in Soviet Propaganda Pragram: In AECAPELIN/1's report regarding the Mikhailov Cammittee's open letter to Michael ZEROV akm OHEST (see Contact Report #103), AECAPELIN/1 risked a prediction that the Soviets have embarked on a different type of propaganda campaign in trying to cutdo the Soviet emigres' cultural effort. AECAPELIN/1 feels the Soviets have caught themselves napping in this field and that there already is an indication how far the Soviets will extend themselves. (It is neted there may be some plausibility in this theory when various items in the debriefings of several MB double agents, AETILLY and AEMERCURY-2, are considered. They learned from the Soviets that the latter plan to publish some emigre'erestive literary material.)
- e. <u>Ivan MAYSTRENEO</u>: Discussions between MAYSTRENEO and AmComLib regarding his re-engagement as a free lancer apparently provided him with the wherewithal to pay key money for a new apartment. This development appears interesting in light of the fact that MAYSTRENEO shortly before was forced to buy sick animal meat due to lack of funds. (See Contact Report #102.)

4. Attachments: Forwarded as Attachments A-D are Contact Reports News. 103 through 106.

APPROVED Jus filed MEBATH

Attachments: A - Under Separate Cover B thru D HERBATTH

Distribution:

3 - SR w/atts B-D Herewith; A - U/S/C

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